Canned Deciduous Fruit Situation
(In Selected Countries)

Production of canned peaches in selected countries for 2001/02 is estimated at 1.12 million metric tons, down 3 percent from the revised estimate of 1.16 million tons produced in 2000/01. World exports for the selected countries 2001/02 are forecast at 654,000 tons, up less than one percent from the preceding year. Canned pear production for 2001/02 is forecast at 139,500 tons, up 13 percent from the previous year. Exports of canned pears for 2001/02 are estimated at 89,000 tons, up 2 percent from last year=s level. Forecast Northern Hemisphere production of canned peaches for 2002/03 is placed at 900,600 tons, up 1 percent from this year's level. Exports are forecast at 493,000 tons, down 6 percent from this year's estimate of 522,000 tons.

Regional and Country Highlights

The canned deciduous fruit sector is suffering a market crisis throughout the world, due principally to an overproduction of canned peaches, low prices, and increased competition among the principal exporters: Greece, South Africa, Chile, and Australia.

Greece
Despite unfavorable weather during January 2002, the clingstone peach crop does not appear to be seriously reduced from last season's level. Canned peach output for the 2001/02 marketing year is now estimated at 407,000 tons, up nearly 11 percent from the November estimate and 10,000 tons over the 2000/01 level. In fact, last year's output is the second largest on record after the 441,000 tons produced in 1999/2000. The total supply available for export in the coming year is the third largest, exceeded only by the quantities on hand during the two previous marketing years. Exports last year set a new record, reaching 420,000 tons, up 30,000 tons over the previous record, set in 1995/96. Exports for 2002/03 are forecast to be 395,000 tons.

Last year withdrawals totaled 50,000 tons compared to 204,000 tons the year before. The quantity of peaches withdrawn from the market declined due to the EU's policy to phase out withdrawal payments by marketing year 2003/04. Last year the EU paid growers about 10.4 U.S. cents/kg for withdrawn fruit. The maximum quantity available for this payment equaled 20 percent of the total fruit marketed. This included both freestone and cling peaches, for fresh and processed markets. This coming marketing year, the EU will reduce this quantity to 10 percent of the total quantity marketed.

The price paid for withdrawn fruit equaled almost 48 percent of the price of peaches delivered to processors, (21.8 cents/kg). The support to growers is provided through producer organizations. This support is estimated to comprise about 20 percent of the price (21.8 cents/kg) received by growers. Thus, growers' income is a function of a weighted average price consisting of the withdrawal price, market price and EU subsidy.

Under the EU's previous canned fruit regime, the growers' subsidy or guaranteed price was passed through the processors. The EU paid the processors a "processing aid," which theoretically was to be included in the price processors paid to the growers. However, there was always a general concern among global competitors that a portion of this aid was held back by processors and used to maintain inefficient operations, acting as an indirect export subsidy. As a result of the reform of the canned fruit regime, principally the payment of subsidies to producer organizations and the gradual elimination of the withdrawal aid, the number of processing plants declined to 15, compared to 22 in marketing year 2000/01 and to about 27 during the peak of the mid 1990's. However, this decline in the number of processing plants did not translate into a decline in the capacity of fruit processing, which has always exceeded the demand for fruit. Currently most of the fresh fruit is processed in plants operating at two-thirds of capacity. The Greek industry claims that processors prefer not to increase output in order to stabilize prices in international markets. However, prices in the international markets may rise , if the quantity of fresh fruit available to Greek processors declines in response to a total elimination of subsidies to growers.

Greek exports set a record 420,000 tons last year, due to an unprecedented supply of subsidized product and an appreciating U.S. dollar. However the appreciating dollar did not have a significant impact in Latin America, as evidenced by protective action taken by several Latin American countries, whose currency depreciated against the EURO. Fundamentally, Greek prices last year were extremely low, resulting in large exports and causing some import relief actions against Greek shipments. Argentina initiated a countervailing duty of 12 percent on top of a 35 percent tariff and a $0.5/kg safeguard measure. Brazil initiated an anti-dumping duty of 100 percent on top of 16.5 percent tariff and an additional tariff of 55 percent for a special listing of the product on an exception list. The loss of these two markets contributed to expanded Greek shipments into the United States.

As Greece solidifies its dominance in the canned peach sector, Greek production of fruit mixtures is expected to increase. Peaches are the fundamental ingredient in a traditional fruit cocktail mixture. Excess production of fresh peaches accompanied by surplus processing capacity should, with proper management, provide a solid base for a larger output of canned fruit mixtures. Since 1997, Greek production of fruit mixtures has increased from 1,800 tons to over 28,000 tons in 2001. Production for 2002 is forecast at 32,000 tons.

Italy

Italian canned peach, pear, and mixed fruit output for 2001/02 are estimated at 21,000 tons, 46,000 tons and 73,000 tons, respectively. Forecast production for the upcoming 2002/03 year is unchanged from these figures.

The competitive price of Greek canned peaches on the international market forced Italy to rebuild its stocks. Due to large stocks, Italian canned peach imports are forecast to decline in 2002/03, whereas exports should remain stable.

Canned pear output for 2001/02 is estimated at 46,000 tons up, 12,000 tons from the previous forecast. The Italian canned mixture production has also been revised upward from 68,000 tons reported in November to 73,000 tons.

Italian exports of canned pears and mixtures increased in marketing year 2000/01, despite a decline in fruit mixture output. In fact, Italian canned pears and mixtures remain competitive on the international market, due to the quality of Italian pears and their relatively low prices.

From a marketing standpoint, canned peaches and pears are generally considered to be a mature food product, with little room for growth, due to competition from fresh fruit imports, which are increasingly available throughout the year. Fruit cocktail, however, is considered to be a convenience food that still offers market opportunities, especially in export markets. Canned pears and peaches are destined almost exclusively for the catering industry in Italy, while canned mixtures are still consumed by families.

South Africa

Estimated 2002 canned fruit production (peaches, pears, apricots, and mixed fruit) is placed at 168,000 tons, a decrease of 10 percent from a year earlier, due to lower fresh production. Exports, in particular to EU markets, are forecast to increase, due to strong demand at premium prices.

Despite lower output, exports of canned fruit in 2002 are expected to grow by 14 percent while domestic consumption will rise by 5 percent. Of the total fresh fruit expected to be delivered for processing, about 41,300 tons are apricots, 114,800 tons peaches, 57,442 tons pears, and 213,552 tons mixed fruit. Total canned fruit exports during 2001 decreased from the previous year to around 129,400 tons.

South Africa's fruit canning industry is the fourth largest in the world. The industry is made up of four main canners, Langerberg Foods, Sapco of Delmonte Brand, Ashton, and Rhodes Fruit Farm Foods. Exports account for 90 percent of all canned fruit production, 50 percent of which goes to Europe. According to the Canning Fruit Producers Association (CFPA), the canning fruit market is growing only slightly each year. Not all of South Africa's deliveries for processing are used for canning. Depending on the quality, fruits are also processed for juice, or pureed as pulp and baby food.

South Africa's canned fruit exports to Europe are still important, although sales to the Far East and the rest of the world are constantly rising as a result of South Africa's shift in marketing strategy from Europe to other regions. Under the SA/EU Trade Agreement, which became effective in January 2000, the South African canners have closely monitored their EU shipments to get the maximum possible benefit from their allocated tariff quota. There has also been close liaison with government departments and the South African Revenue Service (SARS) regarding the management of the quotas. The 2000 quotas were shared amongst the canners, based on their historical average share of exports to the EU during the period 1996 to 1998. Although this procedure complies with the SA/EU Free Trade Agreement Protocol, it does not take into account shifts in individual canner export patterns.

The FAS Attaché Report search engine contains reports on the Canned Deciduous Fruit. For information on production and trade, contact Robert Knapp at 202-720-4620. For information on marketing contact Kristan Kezar at 202-609-0556.)

CANNED PEACHES: PRODUCTION, SUPPLY AND DISTRIBUTION

Country	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
			--Metric Tons Net Weight 1/ --				
Greece							
2000/01	102,000	397,000	1,300	500,300	366,000	13,000	121,300
2001/02	121,300	407,000	1,000	529,300	420,000	13,300	96,000
2002/03	96,000	367,000	1,000	464,000	395,000	14,000	55,000
Italy							
2000/01	11,500	26,500	25,000	63,000	32,000	11,000	20,000
2001/02	20,000	21,000	20,000	61,000	33,000	10,000	18,000
2002/03	18,000	21,000	16,000	55,000	34,000	9,500	11,500
Spain							
2000/01	22,000	143,000	3,800	168,800	61,200	87,600	20,000
2001/02	20,000	137,500	2,700	160,200	59,000	88,200	13,000
2002/03	13,000	135,000	3,000	151,000	54,000	88,000	9,000
United States							
2000/01	57,359	350,888	47,859	456,106	14,171	401,110	40,825
2001/02	40,825	325,557	52,650	419,032	10,002	388,618	20,412
2002/03	20,421	377,629	50,000	448,050	10,000	397,216	40,834
Australia							
2000/01	9,300	44,820	445	54,565	9,436	35,529	9,600
2001/02	9,600	45,650	500	55,750	10,568	35,582	9,600
2002/03	NA	NA	NA	NA	NA	NA	NA
Chile							
2000/01	319	46,000	168	46,487	35,000	7,000	4,487
2001/02	4487	46,000	50	50,537	40,000	7,000	3,537
2002/03	NA	NA	NA	NA	NA	NA	NA
Argentina							
2000/01	1,605	70,520	499	72,624	2,268	70,000	356
2001/02	356	55,000	450	55,806	2,500	53,000	306
2002/03	NA	NA	NA	NA	NA	NA	NA
South Africa							
2000/01	45,200	85,800	250	131,250	74,000	12,200	45,050
2001/02	45,050	87,500	252	132,802	79,000	12,700	41,102
2002/03	NA	NA	NA	NA	NA	NA	NA
Total							
2000/01	249,283	1,164,528	79,321	1,493,132	594,075	637,439	261,618
2001/02	261,618	1,125,207	77,602	1,464,427	654,070	608,400	201,957
2002/03	NA	NA	NA	NA	NA	NA	NA

Note: For Calendar year reference, MY 1999/00 would become Cy 1999
1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans
Source U.S. Agricultural Attache Reports

CANNED PEARS: PRODUCTION, SUPPLY AND DISTRIBUTION

Country	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
			--Metric Tons Net Weight 1/ --				
Australia							
2000/01	5,200	44,405	47	49,652	14,019	29,800	5,833
2001/02	5,833	44,820	50	50,703	14,000	30,100	6,603
2002/03	NA	NA	NA	NA	NA	NA	NA
Spain							
2000/01	900	28,500	400	29,800	13,100	13,700	3,000
2001/02	3,000	26,000	350	29,350	14,000	12,750	2,600
2002/03	2,600	26,000	500	29,100	13,000	13,500	2,600
Italy							
2000/01	16,000	30,000	2000	48,000	39,000	9,000	0
2001/02	0	46,000	2000	48,000	40,000	8,000	0
2002/03	0	46,000	2000	48,000	41,000	7,000	0
South Africa							
2000/01	8,328	20,820	0	29,148	20,800	2,250	6,098
2001/02	6,098	22,700	0	28,798	21,000	2,270	5,528
2002/03	NA	NA	NA	NA	NA	NA	NA
Total							
2000/01	30,428	123,725	2,447	156,600	86,919	54,750	14,931
2001/02	14,931	139,520	2,400	156,851	89,000	53,120	14,731
2002/03	NA	NA	NA	NA	NA	NA	NA

Note: For Calendar year reference, MY 1999/00 would become CY 1999
1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans
Source U.S. Agricultural Attache Reports

U.S. IMPORTS OF CANNED PEACHES
Marketing Year June/May

Origin	1996/97	1997/98	1998/99	1999/2000	2000/01	2000/01 June - Feb	2001/02 June - Feb
	--Metric Tons Net Weight 1/ --						
Greece	19,475	4,586	6,715	20,077	35,437	31,901	26,036
Spain	4,324	11,424	1,971	1,993	3,122	2,409	7,810
South Africa	2,717	3,863	1,531	474	4,390	1,870	4,756
Chile	1,166	447	69	2,388	1,654	767	653
China	244	728	1,064	369	881	647	2,228
Japan	69	7	0	0	0	0	0
France	56	102	46	95	133	80	77
Italy	19	13	25	0	59	59	20
Other	17	814	2,487	833	2,183	549	2,730
Grand Total	28,087	21,984	13,908	26,229	47,859	38,282	44,310

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED PEACHES
Marketing Year June/May

Destination	1996/97	1997/98	1998/99	1999/2000	2000/01	2000/01 June - Feb	2001/02 June - Feb
	--Metric Tons Net Weight 1/ --						
Canada	4,192	7,452	6,248	8,043	5,979	4,500	3,604
Mexico	451	950	4,154	5,395	220	162	289
Japan	2,559	2,917	2,475	2,248	1,083	938	187
Korea	1,593	569	1,220	1,142	1,541	1,107	496
Taiwan	1,295	912	1,036	346	392	355	31
Singapore	900	228	110	141	63	60	19
Hong Kong	809	287	197	47	56	50	0
Philippines	442	119	650	91	828	796	496
Costa Rica	494	581	619	450	343	285	248
Germany	233	346	265	101	0	0	0
Guatemala	217	188	226	383	216	170	83
El Salvador	214	218	245	273	243	189	71
Saudi Arabia	201	467	151	154	221	181	110
Russia	1,077	579	5	0	0	0	0
Other	1,329	3,184	10,133	1,383	2,986	2,519	770
Grand Total	16,006	18,997	27,734	20,197	14,171	11,312	6,404

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED PEARS
Marketing Year June/May

Destination	1996/97	1997/98	1998/99	1999/2000	2000/01	2000/01 June-Feb	2001/02 June - Feb
	--Metric Tons Net Weight 1/ --						
Canada	2,703	3,261	3,293	3,501	2,917	2,154	1,659
Mexico	77	14	0	23	0	0	103
Germany	115	95	96	0	0	0	0
United Kingdom	85	219	0	0	20	20	137
Japan	311	290	528	279	410	403	133
Hong Kong	49	6	128	87	0	0	120
Singapore	41	10	3	2	94	94	0
Thailand	39	22	17	8	1,260	1190	1038
Malaysia	31	19	18	6	0	0	3
Russia	43	0	0	0	108	108	26
Saudi Arabia	15	58	29	3	0	0	3
United Arab Emirates	0	390	662	426	0	0	0
Other	197	323	214	254	1,032	888	1,124
Grand Total	3,706	4,707	4,988	4,589	5,841	4,857	4,346

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED FRUIT MIXTURES
Marketing Year June/May

Destination	1996/97	1997/98	1998/99	1999/2000	2000/01	2000/01 June-Feb	2001/02 June - Feb
	--Metric Tons Net Weight 1/ --						
Canada	7,422	8,512	10,432	10,273	4,653	3,873	2,375
Mexico	185	520	362	374	876	645	528
Japan	3,555	2,928	3,681	3,876	2,081	1,645	1,119
Philippines	3,804	700	633	640	628	563	349
Hong Kong	1,970	606	506	414	212	172	75
Singapore	1,826	999	817	567	455	391	314
Taiwan	416	626	814	355	104	50	0
Korea	421	689	500	547	158	158	75
Panama	597	1,148	802	844	593	466	277
El Salvador	337	379	486	447	479	105	58
Costa Rica	834	1,230	1,063	868	763	609	456
Saudi Arabia	820	1,182	1,022	186	659	326	320
Other	2,762	2,841	4,207	3,109	1,756	1,717	1,188
Grand Total	24,949	22,360	25,325	22,500	13,417	10,720	7,134

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau